



A-SONIC AEROSPACE LIMITED  
Regn. No. 200301838G

## RESPONSE TO SGX QUERIES

The Board of Directors of A-Sonic Aerospace Limited (the "**Company**") wishes to announce that, on 15 September 2021, Singapore Exchange Securities Trading Limited ("**SGX**") raised the following queries in relation to the Company and its subsidiaries' (the "**Group**") financial results for the first six (6) months ended 30 June 2021 ("**1H 2021**"):

### **SGX Query (1)**

***Please provide an explanation as to why interest income amounted to only US\$13,000 for the first half year ended 30 Jun 2021 when the Company has significant cash and cash equivalents of US\$30.1mil.***

#### **Company's Response**

For the six (6) months ended 30 June 2021 ("**1H 2021**"), we registered an interest income of US\$13,000, compared to US\$64,000 in the corresponding six (6) months ended 30 June 2020 ("**1H 2020**"). Meanwhile our "Cash and cash equivalents" stood relatively constant at US\$30.140 million as at end 1H 2021, and US\$30.649 million as at end 1H 2020.

Our "Cash and cash equivalents" include (i) cash deposits at bank; and (ii) operating working capital cash. Interest income is largely earned only from the cash deposit at bank. The operating working capital cash is for the daily deployment to conduct our logistics business in 29 cities that we operate in, and spanning 16 countries.

The US\$51,000 decrease in interest income from US\$64,000 in 1H 2020 to US\$13,000 in 1H 2021, was largely attributable to the decline in average interest rate on cash deposit at bank in Singapore from 1.03% in 1H 2020, compared to an average interest rate of 0.10% in 1H 2021.

### **SGX Query (2)**

***In respect of the Group's Trade and other receivables of US\$47.1mil, please disclose the following:-***

#### ***2(a) the breakdown of the Group's receivables;***

#### **Company's Response**

The Group's total "Trade and other receivables" comprised: (i) "Trade receivables" (US\$41.247 million); and (ii) "Non-Trade receivables" (US\$5.819 million). A detailed breakdown of each item as at 30 June 2021 and 31 December 2020 is tabulated below:

	<b>Group as at 30 June 2021 US\$'000</b>	
(i) <b><u>Trade Receivables</u></b>		
(a) Trade receivables	40,477	
(b) Payment of custom duties & freights recoverable from customers	770	
Total trade receivables	<u>41,247</u>	
(ii) <b><u>Non-Trade Receivables</u></b>		
Advance payment to suppliers	614	
Deposits <sup>(1)</sup>	3,947	
Prepayments	490	
GST/VAT receivables	260	
Other receivables <sup>(2)</sup>	508	
Total non-trade receivables	<u>5,819</u>	
Total receivables		<u><u>47,066</u></u>

Notes:

(1) Deposits includes substantially, deposits made with airlines carriers, office leases, and statutory deposits, example: utilities.

(2) "Other receivables" includes government grants and a staff cum shareholder's advance which is interest free.

**2(b) the breakdown and the nature of the Group's other receivables;**

Company's Response

Please refer to the response elaborated at paragraph (a) above.

**2(c) aging of the Group's Trade and other receivables;**

Company's Response

The aging breakdown of the Group's "Trade receivables" as at 30 June 2021 and indicated at paragraph 2(a)(i)(a) above is as shown below:

Aging of "Trade receivables" (as shown at paragraph 2(a)(i)(a) above)

	<b>As at 30 June 2021 US\$'000</b>
Not past due	30,549
Past due 0 to 2 months	9,460
Past due 2 to 4 months	676
Past due over 4 months	(208)
"Trade receivables"	<u>40,477</u>

**2(d) details of the Group's underlying transactions of its other receivables and the terms of the transactions;**

Company's Response

Please refer to the response elaborated at paragraph (a) above.

**2(e) the Company's plans to recover the trade and other receivables;**

Company's Response

Each subsidiary within the Group monitors its "Trade and other receivables" on a weekly basis to follow up on payments by each customer. The collection of "Trade receivables" involves our sales personnel, finance team and station manager. This far, we have been able to collect our "Trade receivables".

**2(f) whether they are major customers and whether the Company continues to transact with these customer(s);**

Company's Response

Except for our affiliated company, UBI Smart Parcel Limited, which contributed approximately US\$22 million (or equivalent to 11.5%) of our six (6) month's Group's "Turnover", there was no other major customer.

**2(g) how long the debts are outstanding and in which period the sales were reported;**

Company's Response

Please refer to our response elaborated in paragraph (c) above.

**2(h) trade receivables turnover days as at 31 Dec 2020 and as at 30 Jun 2021;**

Company's Response

Turnover days was 47 days in relation to financial period FY 2020, and was 38 days in relation to 6 months 30 June 2021.

**2(i) actions taken to recover the trade and other receivables;**

Company's Response

Please refer to our response elaborated in paragraph (e) above.

**2(j) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and**

Company's Response

In assessing the recoverability of the Group's "Trade receivables and other receivables", the Group considered both quantitative and qualitative information that was reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook.

In particular, the Group considered the following information in assessing whether the credit risk of each customer had increased: (i) financial condition of each customer; (ii) the credit rating of each customer if available; (iii) payment history; (iv) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; (v) actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors; (vi) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in a customer's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**2(k) the Board's assessment of the recoverability of the remaining trade and other receivables.**

Company's Response

Based on the Board's assessment, the Board is of the view that the Group's "Trade and other receivables" are recoverable.

**SGX Query (3)**

**Please disclose a breakdown of Trade and other payables of US\$45.4mil and US\$40.6mil as at 30 June 2021 and 31 December 2020 respectively. Please also provide an explanation for the increase in Trade and other payables of US\$4.8mil from FY2020 to 1HFY2021 on a line item basis.**

**Please disclose the (i) breakdown; (ii) aging; (iii) nature of Other payables as at 30 June 2021; and (iv) whether the counterparties are related parties.**

Company's Response

(i) A breakdown of the Group's "Trade and other payables" for the comparative periods as at 30 June 2021 ("end 1H 2021") and 31 December 2020 ("end FY 2020") are tabulated below:

	Group	
	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
(a) <b><u>Trade</u></b>		
(i) Trade payables	30,053	26,134
(ii) Other payables (Advance billing, customer deposit, deferred income)	1,078	1,764
Total "Trade" payables	31,131	27,898
(b) <b><u>Non-Trade</u></b>		
(iii) Accrued operating expenses	5,208	5,643
(iv) Custom duties and freight received in advance from customers	5,909	3,951
(iv) Advance from a director/shareholder of a subsidiary	3,175	3,148
Total "Non-Trade" Payables	14,292	12,742
Total "Trade and other payables"	45,423	40,640

“Trade and other payables” increased by US\$4.783 million from US\$40.640 million as at 31 December 2020 to US\$45.423 million as at 30 June 2021 primarily due to:

- (a) Increase in “Trade payables” of US\$3.919 million from US\$26.134 million as at 31 December 2020 to US\$30.053 million as at 30 June 2021. The increased is in line with the increased in “Trade receivables” with a higher sales activities of US\$192.576 million in 1H 2021 compared to US\$118.797 million in 1H 2020 ; and
  - (b) Increase of US\$1.958 million in “Custom duties and freight received in advance from customers” from US\$3.951 million as at 31 December 2020 to US\$5.909 million as at 30 June 2021, was largely due to higher sales activity of US\$192.576 million recorded in 1H 2021.
- (ii) We pay our vendors within 30-90 days according to the credit term.
  - (iii) Please refer to our response elaborated in paragraph (i) above.
  - (iv) Except for an advance from a staff cum shareholder of a subsidiary, in which is unsecured, interest free and repayable on demand as mentioned at note (2) in paragraph 2(a) above, and as stated on page 81 (note 23 in relation to “Trade and other payable”) in our annual report 2020, there was no other related party transaction.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon  
Joint Company Secretary  
20 September 2021